

## **Office of the Inspector General, USDA Investigation Developments**

*> November 8, 2005 <*

### **Indictments Issued in Virginia Case Involving Money Transfers to Iraq**

On October 19, 2005, four individuals were indicted and charged with operation of an unlicensed money transmitting business, theft of public money, and criminal forfeiture. This joint investigation with the FBI involves several Iraqi immigrants who are allegedly operating hawala (illegal money remitting) businesses in Harrisonburg, Virginia, through which approximately \$1.5 million has been transferred overseas. The subjects applied for food stamps, welfare, and housing assistance and failed to report their income. As a result, four of the subjects received approximately \$5,000 in food stamp benefits to which they were not entitled. This investigation is ongoing.

### **Montana Woman Pleads Guilty to Fraud Involving Rural Development Loan**

On October 20, 2005, the president of a nonprofit organization pled guilty in a Federal district court in Montana to mail fraud, false statements, and bank fraud. The OIG investigation disclosed that the individual submitted false statements in order to obtain a \$135,000 Rural Development Community Facilities Loan. The individual was indicted in May 2005 and sentencing has been tentatively scheduled for February 2006.

### **False Claims Complaint Filed Against Washington State Couple Seeking FSA Loans**

On October 11, 2005, a civil complaint was filed in a Federal court in the Eastern District of Washington against a husband and wife and several bank officials for violations of the Federal False Claims Act. The OIG investigation disclosed that the couple and bank officials concealed the existence of the husband and wife's five outstanding debts totaling \$584,778 on financial statements submitted to the Farm Service Agency (FSA) to secure FSA Emergency and Operating loans totaling \$786,924.

### **Minnesota Man Sentenced for Transport of Endangered Species**

On October 4, 2005, a man was sentenced in a Federal court in Minnesota to serve 18 months in prison and 36 months' probation and was ordered to pay a \$700 special assessment. The OIG investigation disclosed that a husband and wife conspired with numerous individuals throughout the United States and made false statements on Animal and Plant Health Inspection Service forms so they could illegally sell and transport endangered species, in violation of the Lacey Act. Additionally, the husband instructed one individual to provide false information to an OIG agent.

**South Dakota Couple Plead Guilty for Fraud on Farm Subsidies**

On September 20, 2005, a Rapid City, South Dakota, couple pled guilty in a South Dakota Federal court to two counts of conspiracy to defraud the Commodity Credit Corporation and RMA. The OIG investigation disclosed that the couple conspired with three other individuals to make false claims/statements to FSA to circumvent payment limitations and obtain FSA/RMA program payments. As a result, the husband and wife obtained at least \$1.3 million in unauthorized payments between 1996 and 1999. Sentencing is scheduled for December 2005.

**Woman Sentenced in Virginia for Scheme Involving False Claims for USDA Travel Expenses, Ordered to Pay \$44,630**

On September 30, 2005, a woman was sentenced in a Federal court in Virginia to 3 months' imprisonment, 3 months' community confinement, 24 months' supervised release, and ordered to pay \$44,630 in restitution. This OIG investigation involves false claims totaling approximately \$65,000 submitted by four Forest Service employees for travel and miscellaneous expenses. One individual acted as an imprest cashier, with the authority to issue third party checks, and wrote checks to three co-conspirators for fraudulent claims. Earlier in September 2005, criminal complaints were filed charging the other two co-conspirators with conspiracy to commit theft of Government property.

**Pennsylvania Producer Pleads Guilty to False Statements and Conversion of USDA Secured Chattel**

On September 28, 2005, a producer from Susquehanna County, Pennsylvania, pled guilty in a Federal court in Pennsylvania to False Statements and Conversion of USDA Secured Loan chattel. The OIG investigation disclosed that in May 2003 the producer made false statements to FSA to secure loans and illegally disposed of approximately \$40,000 of dairy cattle.

**Arizona Man Sentenced and Ordered to Repay \$177,000 for False Statements Regarding Rural Development Loans**

On September 23, 2005, a former executive director of a corporation was sentenced in a Federal court in Arizona to 21 months of incarceration, 36 months' supervised release, and ordered to pay \$177,541 in restitution and a \$100 special assessment. The OIG investigation disclosed that the former executive director embezzled \$177,541 and made false statements to Rural Development for the purposes of obtaining funds from the Rural Business Opportunity Grant program and a local community program.